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RUEHNE/AMEMBASSY NEW DELHI PRIORITY 3110
RUEHCI/AMCONSUL KOLKATA PRIORITY 4658
RUEHGV/USMISSION GENEVA PRIORITY 2356
RUCNDT/USMISSION USUN NEW YORK PRIORITY 3575
RUEKJCS/SECDEF WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 000601

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SUBJECT: NEPAL: AMBASSADOR URGES PROGRESS IN PEACE PROCESS
IN FAREWELL CALLS

REF: A. KATHMANDU 570

[1](#)B. KATHMANDU 600

Classified By: Ambassador Nancy J. Powell. Reasons 1.4 (b/d)

Summary

[1](#)1. (C) In a series of farewell calls since June 22 with senior Nepali officials and politicians, the Ambassador urged progress on the peace process, in the drafting of the constitution and in the political process generally. Nepali officials, including the Foreign, Defense, Home, Finance, and Peace Ministers, the Chairman of the Constituent Assembly and the Chief of Army Staff assured her of their commitment to move ahead. The heads of the three largest parties -- Maoists, Nepali Congress and Communist Party of Nepal - United Marxist Leninist (UML) -- made the same commitments. On July 6, the Maoists agreed to end their two-month obstruction of the Parliament, but many issues remain unresolved.

Peace Process

[1](#)2. (C) The Ambassador took advantage of farewell calls since June 22 with Foreign Minister Sujata Koirala (Ref A), Defense Minister Bidhya Bandari, Home Minister Bhim Rawal, Peace and Reconstruction Minister Rakam Chemjong and Finance Minister Surendra Pandey to urge progress in the peace process. She stressed to the Ministers, as well as to Constituent Assembly (CA) Chairman Subash Nemwang, Chief of Army Staff (COAS) Rookmangud Katawal, and the heads of the three largest parties that a way needed to be found to get the process moving forward again. The Ambassador strongly suggested that reinstating the Special Committee on Supervision, Rehabilitation and Integration of Maoist Combatants would be a good place to start. She urged Peace Minister Chemjong to pick up quickly where his predecessor had left off in developing plans for the discharge and rehabilitation of minors and disqualified from Maoist cantonments. The Ambassador also challenged Maoist Chairman Pushpa Dahal to prove his commitment to the peace process by discharging the minors and disqualified.

UNMIN and OHCHR

13. (C) The senior officials acknowledged the need to re-start the peace process, which they readily conceded was "stuck." Foreign Minister Koirala noted that on June 24 the cabinet had approved a request for a six-month extension of the United Nations Mission in Nepal (UNMIN), when its mandate expires on July 23. The cabinet had also approved a nine-month extension for the Office of the High Commissioner for Human Rights -- until June 2010. The Ambassador voiced her gratitude for these decisions but pointed out that the UN Security Council would likely criticize Nepal because so little had been accomplished over the past six months. Defense Minister Bhandari affirmed the importance of dealing with the Maoist combatants and suggested that Prime Minister Madhav Kumar Nepal would likely chair the Special Committee. Home Minister Rawal promised he would be actively involved in the peace process, as in the past. Peace Minister Chemjong said that, although the Special Committee was being restructured, its Technical Committee continued to operate and would shortly visit several cantonments. He described his plan to establish local peace committees in every village development committee, not just at the district level, and stated that his ministry would begin consultations on a disappearances bill soon. COAS Katawal told the Ambassador he would not stand in the way of a peace deal, but that the Nepal Army's job was to be prepared for the worst, and he was still convinced that the Maoists posed the biggest threat to the country's peace and democracy.

High-Level Mechanism

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14. (C) Former Prime Minister Dahal admitted that his party's recent actions had caused other parties and the international community to call the Maoists' commitment to the peace process and multiparty democracy into question. He said that the dialogue was continuing among the parties. Dahal expressed interest in leading the Special Committee but indicated his party would be flexible on that issue. Nepali Congress President and former Prime Minister G.P. Koirala agreed with the Ambassador about the importance of reviving the Special and Technical Committees. Koirala insisted that the COAS should retire, as scheduled, in September. He stated that he hoped to establish a high-level political committee on which he and Dahal and other senior leaders would sit that could be used to resolve issues. Dahal told the Ambassador in their meeting that he was not opposed to the idea -- as long as the committee did not attempt to instruct the cabinet. Communist Party of Nepal - United Marxist Leninist (UML) Chairman Jhalanath Khanal was also supportive of a high-level committee. Khanal seconded the Ambassador's observation that reaching a deal on next steps had become more difficult because the leaders were no longer able as easily to swing their parties behind an agreement.

Drafting of Constitution

15. (C) The Ambassador warned the ministers and senior politicians that the continuing political stalemate threatened to prevent the CA from drafting the constitution on time. Only eleven months remained to complete the task. The U.S. Government was providing assistance to CA Members, to the parties and to the Secretariat, including the multi-donor-funded Center for Constitutional Dialogue, and to the political parties. If there was more help needed, the U.S. would try to provide it. CA Chairman Subash Nemwang replied that, from his perspective, Nepal had what it needed. He pointed out that, in spite of the Maoist obstruction of the CA as parliament, the Maoists were not attempting to prevent the Assembly from fulfilling its constitution-drafting role. In fact, three of the CA's 10 thematic committees had already presented their concept papers to the CA. Nemwang conceded, however, that the

failure of the Prime Minister to name a replacement for himself to chair the main Constitutional Committee had prevented that key committee from operating properly. The Chairman noted that the major parties had been unable so far to agree on a single candidate. (Comment: Nemwang gave no indication that he was prepared to force the issue by calling a committee vote. End Comment.)

Consensus Sought

16. (C) In her meetings, the Ambassador urged the parties to work together as well so that the benefits of governance would reach the Nepali people. Home Minister Rawal said he was in the process of finalizing an operational plan to address law and order issues in Nepal. Health Minister Uma Kant Chaudhary voiced his appreciation for U.S. long-term support to Nepal's health sector. Maoist Chairman Dahal stated that his party's weeklong politburo meeting had concluded that the Maoists should lead a national government, but he did not disclose how the Maoists intended to make that happen. NC President Koirala said he was trying to convince the Maoists to join the government. He added that he intended to step down as head of the NC at the party's general convention, which he hoped would take place by November. UML Chairman Khanal likewise agreed on the importance of bringing the Maoists on board. CA Chairman Nemwang (UML) opined that the Maoists would not join the government as long as Katawal was Army chief.

Budget Deadline

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17. (C) Former PM Dahal acknowledged to the Ambassador that the Maoists needed to end their obstruction of the Parliament so it could approve the budget before the fiscal year ended on July 15. He and others said that the parties were looking at various ways to address Maoist concerns about "civilian supremacy," including a possible speech by PM Nepal to the Assembly. UML Chairman Khanal pointed out the difficulty of finding a compromise that was acceptable to the Maoists and the NC. Nemwang said he was doing his best to broker a solution. On June 26, Finance Minister Pandey told the Ambassador he planned to present the budget on July 9-11. He made no mention of any major changes from the previous year budget. (Note: In press statements prior to July 6, the Maoist chairman agreed only to suspend the obstruction of the Assembly long enough for a temporary budget to be passed to pay government salaries and fund basic government programs.)

Comment

18. (C) As reported Ref B, on July 6, with the mid-July budget deadline looming, the Maoists reached agreement with the NC and the UML to end their two-month obstruction of the Parliament and allow the full budget to be presented. The deal, however, was far from comprehensive and concrete action on the issues discussed above remains pending.

POWELL